

Now, I think it is important to turn the microphone over, first to Secretary Christopher and then Secretary Perry, to finish the presentation.

NOTE: The President spoke at 4:27 p.m. in Room 450 of the Old Executive Office Building. In his

remarks, he referred to Gen. David Jones, USAF (Ret.), former Chairman of the Joint Chiefs of Staff. The related proclamation of May 17 on the death of Adm. Jeremy M. Boorda is listed in Appendix D at the end of this volume.

Message to the Congress Reporting on the National Emergency With Respect to Iran

May 16, 1996

To the Congress of the United States:

I hereby report to the Congress on developments since the last Presidential report of November 28, 1995, concerning the national emergency with respect to Iran that was declared in Executive Order No. 12170 of November 14, 1979. This report is submitted pursuant to section 204 of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c). This report covers events through March 1, 1996. My last report, dated November 28, 1995, covered events through September 29, 1995.

1. Effective March 1, 1996, the Department of the Treasury's Office of Foreign Assets Control ("FAC") amended the Iranian Assets Control Regulations, 31 CFR Part 535 ("IACR"), to reflect changes in the status of litigation brought by Iran against close relatives of the former Shah of Iran seeking the return of property alleged to belong to Iran (61 *Fed. Reg.* 8216, March 4, 1996). In 1991, Shams Pahlavi, sister of the former Shah of Iran, was identified in section 535.217(b) of the IACR as a person whose assets were blocked based on proof of service upon her in litigation of the type described in section 535.217(a). Pursuant to that provision, all property and assets located in the United States within the possession or control of Shams Pahlavi were blocked until all pertinent litigation against her was finally terminated. Because the litigation has been finally terminated, reference to Shams Pahlavi has been deleted from section 535.217(b). A copy of the amendment is attached to this report.

2. The Iran-U.S. Claims Tribunal, established at The Hague pursuant to the Algiers Accords, continues to make progress in arbitrating the claims before it. Since my last report, the Tribunal has rendered one award, bringing the total

number to 567. The majority of those awards have been in favor of U.S. claimants. As of March 1996, the value of awards to successful U.S. claimants from the Security Account held by the NV Settlement Bank was \$2,376,010,041.91.

In February 1996, Iran deposited funds into the Security Account, established by the Algiers Accords to ensure payment of awards to successful U.S. claimants for the first time since October 8, 1992. The Account was credited \$15 million on February 22, 1996. However, the Account has remained continuously below the \$500 million balance required by the Algiers Accords since November 5, 1992. As of March 1, 1996, the total amount in the Security Account was \$195,370,127.71, and the total amount in the Interest Account was \$37,055,050.92.

Therefore, the United States continues to pursue Case A/28, filed in September 1993, to require Iran to meet its obligations under the Algiers Accords to replenish the Security Account. Iran filed its Statement of Defense in that case on August 30, 1995. The United States filed a Reply on December 4, 1995. Iran is scheduled to file its Rejoinder on June 4, 1996.

3. The Department of State continues to present other United States Government claims against Iran and to respond to claims brought against the United States by Iran, in coordination with concerned government agencies.

In November 1995, Iran filed its latest Response concerning the United States Request to Dismiss Certain Claims from Case B/61. The United States had filed its Request to Dismiss in August 1995 as part of its consolidated submission on the merits. Iran had previously filed its initial response in July 1995, and the United States filed a reply in August 1995. Case B/

61 involves a claim by Iran for compensation with respect to primarily military equipment that Iran alleges it did not receive. Iran had sought to purchase or repair the equipment pursuant to commercial contracts with more than 50 private American companies. Iran alleges that it suffered direct losses and consequential damages in excess of \$2 billion in total because of the United States Government refusal to allow the export of the equipment after January 19, 1981, in alleged contravention of the Algiers Accords. Iran's November 1995 filing failed to show why the Tribunal should not dismiss immediately certain duplicative or otherwise improperly pleaded claims from Case B/61.

In December 1995, the Department of State represented the United States in hearings before the Tribunal on two government-to-government claims. In the first, Chamber Two heard oral arguments in Case B/36, the U.S. claim against Iran for its failure to honor debt obligations created by the sale of military surplus property to Iran shortly after the Second World War. In the second, also before Chamber Two, the Department of State presented the U.S. defense in Case B/58, Iran's claim that the United States is liable for damage caused to the Iranian State Railways during the Second World War.

In January 1996, in Case B/1 (Claims 2 & 3), Iran filed its Rebuttal Memorial Concerning Responsibility for Termination Costs, along with 20 volumes of exhibits and affidavits. In this briefing stream, the Tribunal is asked to decide whether Iran or the United States is liable for the costs arising from the termination of the U.S.-Iran Foreign Military Sales program after Iran's default and its subsequent seizure of the U.S. embassy in Tehran in 1979. The United States is currently preparing a comprehensive response to Iran's brief.

In February 1996, the Departments of State and Justice represented the United States in a hearing before the full Tribunal in a government-to-government claim filed by Iran. Case A/27 is an interpretive dispute in which Iran claims that the United States is liable under the Algiers Accords for Tribunal awards issued in favor of Iran against U.S. nationals. The United States maintains that its obligation under the Algiers Accords is satisfied by the availability of domestic judicial procedures through which Iran can enforce awards in its favor.

Also in February 1996, Iran and the United States settled Iran's claims against the United

States filed before the International Court of Justice concerning the July 3, 1988, downing of Iran Air 655 and certain of Iran's claims against the United States filed before the Iran-United States Tribunal concerning certain banking matters. The cases in question were dismissed from the International Court of Justice and the Iran-United States Tribunal on February 22, 1996. The settlement, *inter alia*, fulfills President Reagan's 1988 offer to make *ex gratia* payments to the survivors of the victims of the Iran Air shootdown. The survivors of each victim of the Iran Air shootdown will be paid \$300,000 (for wage-earning victims) or \$150,000 (for non-wage-earning victims). For this purpose, \$61 million was deposited with the Union Bank of Switzerland in Zurich in an account jointly held by the New York Federal Reserve Bank, acting as fiscal agent of the United States, and Bank Markazi, the central bank of Iran. Of an additional \$70 million in the settlement package, \$15 million was deposited in the Security Account established as part of the Algiers Accords. The remaining \$55 million was deposited in an account at the New York Federal Reserve Bank, from which funds can be drawn only (1) for deposits into the Security Account used to pay Tribunal awards to American claimants or for the payment of Iran's share of the operating expenses of the Tribunal, or (2) to pay debts incurred before the date of settlement and owed by Iranian banks to U.S. nationals. Under the terms of the settlement, no money will be paid to the Government of Iran.

4. Since my last report, the Tribunal has issued one important award in favor of a U.S. national considered a dual U.S.-Iranian national by the Tribunal. On November 7, 1995, Chamber Three issued a significant decision in Claim No. 213, *Dadras Int'l and Per-Am Construction Corp. v. The Islamic Republic of Iran*, awarding a dual national claimant \$3.1 million plus interest for architectural work performed for an Iranian government agency developing a housing complex outside Tehran, Iran.

The Tribunal held hearings in four large private claims. On October 23-27, 1995, Chamber One held a hearing in Claim No. 432, *Brown & Root, Inc. v. The Iranian Navy*, involving contract amounts owned in connection with the construction of the Iranian Navy Chahbahar and Bandar Projects in Iran. On January 18-19, 1996, Chamber One held a second hearing in claim Nos. 842, 843, and 844, *Vera Aryeh, et*

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al. v. The Islamic Republic of Iran, in which allegations of fraud and forgery were considered. Finally, the United States Government filed a Memorial on the Application of the Treaty of Amity to Dual United States-Iranian Nationals in three private claims before the Tribunal: Claim No. 485, *Riahi v. The Islamic Republic of Iran*, in Chamber One on January 29, 1996; Claim No. 953, *Hakim v. The Islamic Republic of Iran*, in Chamber Two on February 27, 1996; and Claim 266, *Aryeh, et al. v. The Islamic Republic of Iran*, in Chamber Three on February 29, 1996. The Memorial argues that a good faith interpretation of the ordinary meaning of the 1955 Treaty of Amity leads to the conclusion that it protects all persons deemed to be U.S. nationals under U.S. laws when they undertake activities in Iran, regardless of whether they also possess another nationality.

5. The situation reviewed above continues to implicate important diplomatic, financial, and legal interests of the United States and its nationals and presents an unusual challenge to the national security and foreign policy of the United States. The Iranian Assets Control Regulations issued pursuant to Executive Order No. 12170 continue to play an important role in structuring our relationship with Iran and in enabling the United States to implement properly the Algiers Accords. I shall continue to exercise the powers at my disposal to deal with these problems and will continue to report periodically to the Congress on significant developments.

WILLIAM J. CLINTON

The White House,
May 16, 1996.

Remarks at the Inter-American Dialogue Dinner May 16, 1996

Please, sit down and relax. Thank you. Good evening, ladies and gentlemen. Thank you for the very warm welcome. To our distinguished head table guests, former Secretary-General Javier Perez de Cuellar, President Arias, Secretary Vance, Minister Lampreia, President Iglesias, Mr. Ambassador. To Peter Bell and Alejandro Foxley; my good friend and adviser on Latin America Mack McLarty; Peter Hakim; and of course, to our distinguished friend Mr. Linowitz.

For 14 years, the Inter-American Dialogue has played a leading role in framing the debate on issues that really matter to the peoples of our hemisphere. As we enter a period of even closer cooperation in the Americas, I'm delighted that the Inter-American Dialogue is also intensifying its work.

I'm especially pleased that you're carrying forward your efforts with the creation of the Inter-American Dialogue's Saul Linowitz Forum. By honoring Saul you have paid a fitting tribute to the extraordinary, extraordinary service that this great American and citizen of the world has rendered. In a lifetime devoted to the public, Ambassador Linowitz has helped to foster peace, cooperation, and partnership between the

United States, the nations of the Americas, and other nations around the world.

Saul has led here at home as well, working to confront the problems of racism, urban decay, and poverty. And he's called his own profession of law to a higher sense of duty. As the chair emeritus to the Inter-American Dialogue, he continues to make a difference, to promote the exchange and understanding that we need to bring our hemisphere closer together so that all of our people are more prosperous and secure.

In 1967 Saul Linowitz organized the United States participation in the Punta del Este summit which became the model of the Summit of the Americas that we held in Miami in 1994 that Mr. McLarty and Hattie Babbitt and so many others in this room in our administration worked so very hard on. At the Miami summit, the nations of our hemisphere agreed on the challenges we must face together in opening our markets, strengthening our democracies, protecting our shared environment against pollution. And we developed a program to do all that and more so that our region can become more prosperous, more secure, and our freedom wider, broader, and deeper.